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INAUGURAL ADDRESS\*

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**D**URING the year which has just ended, the Academy has sustained an irreparable loss in the death of its late President, William Worthington Herrick. During his brief incumbency of office, the general fellowship, unfortunately, had too little opportunity to appreciate his significant services to our Academy. Those of us who were privileged to serve as Trustees and members of the Council under his wise leadership soon learned to rely upon his calm judgment and to look hopefully to the future of the Academy under his strong and able guidance. It is with a feeling of sadness and deep humility that I undertake the burdens which he has relinquished.

Because of the scientific program scheduled for this evening's meeting, time is not available in which to report to you on behalf of the Trustees and Council concerning the activities of the Standing and Special Committees and of the various Sections of the Academy during the past twelve months. Annual reports dealing with most of these activities will be published shortly. I urge you to read these reports if you are to appreciate the ever-broadening influence of the Academy

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and of its fellowship in the fields of public health, medical education and of clinical and scientific research.

I am pleased to be able to report to you that the Academy has weathered the financial and other difficulties of the war period without a break in any of its basic functions. Due to generous financial assistance from some of our fellows and, above all, from members of the Lay Advisory Council under the Chairmanship of Mr. Walter Gifford, our financial position has actually been strengthened and, in spite of mounting costs, the year 1945 has ended without an operating deficit. A substantial share of the credit for the stability of the Academy during these difficult years of the war belongs to the Director, Dr. Herbert B. Wilcox who, I am sorry to inform you, has announced his retirement on October 1st. Another large share of the credit goes to our well named Steering Committee under the Chairmanship of Dr. Harold Mixsell.

The financial picture for the current year however is somewhat different. In spite of painful economies, the annual outlay for salaries has of necessity increased 35 per cent since 1940, other operating costs more than 20 per cent. Repairs which could not be undertaken during the four years of war can no longer be postponed. Personnel shortages which were tolerated by the Fellows and visitors to the Academy and its Library because of the war, now require prompt adjustment. Our Finance Committee, therefore, estimates that income from annual dues and from endowments this year will fall short of meeting our minimum budget by \$38,500. However, I am sure that we can continue to depend on Dr. Mixsell's Committee and upon other Fellows and lay friends of the Academy to help us bridge the gap that lies ahead.

Three non-recurring items must also be met before the immediate needs of the Academy can be fully realized:

1. A sum of \$35,000 is required for the purchase of foreign books and periodicals for the Library which could not be secured during the six-year period of hostilities but which our agents overseas have been assembling for us during the war years.

2. Dr. Mixsell's Steering Committee has collected \$300,000 for an addition to the Library, which is most urgently needed in order to provide additional stack space for the books which now fill all available shelves and overflow on to the floors and the cellar of the building and of several adjacent tenement houses belonging to the Academy. Of this sum, about \$190,000 has come from the pharmaceutical industry,

as an expression of its appreciation of the importance of the Library for scientific and industrial research. I am privileged, tonight, to announce gifts totalling another \$110,000 for this purpose from the Commonwealth Fund, from Mrs. Henry L. Doherty, and from the late Dr. Sara Welt Kakels. For these generous gifts, the Academy is deeply grateful. The goal has almost been reached, leaving a balance of only \$50,000 which is still needed to complete the amount required for construction of the building and for equipment.

It is regrettable that times does not permit more than brief mention of the efforts of the Academy to meet the overwhelming demands of returning medical officers for retraining in medicine. Almost one-fifth of all the grade A internships and residencies of this country are to be found in the hospitals of New York City. It was, therefore, to be anticipated that thousands of young physicians who had been taken into the military services after an accelerated medical school curriculum and a most abbreviated and inadequate internship should, upon demobilization, look to this City and to The New York Academy of Medicine for placement in hospital residencies, rather than for so-called "refresher" courses. Through its Committee on Medical Education, the Academy has served as a clearing house for the hospitals of the City. Many discharged medical officers have been provided with opportunities for training in medicine, surgery and the various specialties. But the flood of applicants has been overwhelming and the total picture, it must be confessed, has not been satisfactory. Much more must be accomplished in persuading the hospitals of the City to increase the number of their internships and residencies, cost what it may, and to reorganize them in such a manner as to make them a real educational experience.

Most of the 60,000 medical officers in the Armed Forces are young men. While all over this Nation, people debate the merits of new methods for the distribution and payment for medical care, by far the most important problem in this field lies right before us. We are confronted with a "lost generation" of young physicians, who plead for some help before they are forced to return to the private practice of medicine. Their neglect at this time will profoundly affect the quality of medical care in this country for several decades. Above all other responsibilities during the next few years, the Academy will dedicate itself to a solution of its full share of this vital problem.

The primary aims and purposes of the Academy are the advancement of public health and medical care through education and research. In the spirit of its tradition of public service over a period of almost one hundred years, it would be impossible for the Academy to stand aloof from the postwar problems of medical care which are now troubling the people of this country. I shall, therefore, take the liberty of devoting the remainder of this discourse to a statement prepared by the Academy's Committee on Medicine and the Changing Order, of which Dr. Malcolm Goodridge is Chairman. This statement, which I shall read verbatim, has been approved by the Council of the Academy.

During the past three years, The New York Academy of Medicine, through its Committee on Medicine and the Changing Order, has been making an intensive study of current social and economic changes and of their effects on medical care and public health. This Committee was appointed to study all problems involved in the distribution of adequate medical care, embracing not only the immediate management of the sick, but also preventive medicine, public health, medical education and research, nursing, hospitals, convalescent care and rehabilitation, dental care, health education of the lay public, and finally the ways and means to meet the costs of such services. The Committee on Medicine and the Changing Order is not, in the strict sense of the term, a medical committee, nor does it represent solely the medical profession. It includes in its membership a large percentage of non-medical persons, representing labor, industry, law, social work, the clergy, and the public at large, who have had full opportunity to participate in the work of the Committee and to express their points of view. The Committee has met weekly and, at times, more often, to listen to the testimonies presented by invited experts. It has spent many hours in deliberation, collectively and in subcommittee meetings at which smaller groups of experts have studied and dealt with the specific phases of problems confronting present day medicine. The Committee has been supported in its work by a corps of experts, and the costs of its work have been met by grants from The Commonwealth Fund, the Milbank Memorial Fund and the Josiah Macy, Jr. Foundation. In every respect, therefore, the Committee is representative of all the varied and broad interests that are concerned in the problems of the extension and improvement of medical service.

The Committee on Medicine and the Changing Order has not yet

completely formulated the recommendations of its Final Report, which it expects will be published during the current year. However, the Special Message sent to the Congress by President Truman on November 19, 1945, in which he urges the creation of a system of national compulsory medical insurance, as well as other changes in the organization of medical care in the United States, impels The New York Academy of Medicine, through its Committee on Medicine and the Changing Order, to issue a statement at this time.

The New York Academy of Medicine is essentially in accord with the objectives reflected in the President's Message. It is fully cognizant of the many lacks in medical care which now exist in the United States, and which most certainly are in need of urgent remedy. It agrees that the health of the people is a matter of national concern, and that every effort should be made to provide all our people with adequate medical care and the opportunity to achieve and enjoy good health. However, while endorsing President Truman's objectives, the Academy cannot endorse all of the methods he proposes for their attainment.

We are mindful of the great achievements of modern medicine, which have been effected, particularly during the last forty years, under the prevailing system of medical practice. By the side of the many admitted inequities in the distribution of medical care stands the attested fact that the health record of the United States, as witnessed by mortality and morbidity statistics, is today outstanding. No nation of comparable size and complexity, with as many varieties of circumstances under which its people live and work, has attained as much in fostering the health of its citizens as has the United States. Before, therefore, venturing upon untested schemes which involve abrupt, nationwide changes, we must strive to determine whether we could not achieve the objectives which the President has voiced, and which we share, more quickly and more effectively by procedures that are, in our opinion, less hazardous.

The President's Message advances five specific recommendations. With the first of these, advocating the construction of hospitals and related facilities, the Committee on Medicine and the Changing Order is substantially in accord. In many rural areas and even in suburbs of large cities there is a serious shortage of hospital and clinical facilities. This problem, however, will not be solved by the simple procedure of erecting structures and creating physical facilities; for, to be effective,

hospital and health centers must be adequately staffed with competent personnel. At the present time there is not available, and the immediate future does not promise to provide, a large enough body of trained and experienced medical and other personnel to warrant a rapid expansion of hospital facilities. We are currently confronted with the distressing example of the grossly inferior hospitalization and medical care provided for our veterans. As in every other effort to extend and improve medical facilities, we are compelled to recognize the numerous inter-related factors—physical facilities, economic resources, medical education and training, and public education—each of which has a profound bearing upon the other, and all of which, collectively, are essential to the expansion and improvement of the medical services.

The President's second recommendation proposes an expansion of public health, maternal and child health services. This, too, the Committee endorses in principle, with the caution, however, that experimentation is needed to avoid the sacrifice of valuable facilities and procedures which are already functioning. We are not here venturing into virgin territory. Public health, as well as maternal and child health, have been the concern of the American public and of American government for many decades, and particularly during the last forty years. We already have many excellent facilities, some run by state and local official organizations, others by voluntary and professional groups. Whatever expansions are undertaken should be developed in relation to these existing facilities.

The President's third proposal, to advance and support medical education and research, the Committee on Medicine and the Changing Order also endorses in principle. Here, too, however, governmental aid to medical education and research should be of such character that it fosters and supports, but does not direct and dominate. The Academy, through its Committee on Public Health Relations, has already taken its stand on these matters in a resolution endorsing, with some slight modification, the Magnuson Bill now before the Congress.

The President's fifth recommendation, that means should be devised for protecting workers against loss of wages resulting from sickness and disability, the Committee endorses without reservation.

There remains to be considered the fourth of the President's recommendations, namely, national compulsory medical insurance. To this recommendation the Academy is definitely opposed. As a result of the

studies of its Committee on Medicine and the Changing Order, the Academy is convinced that any scheme of national compulsory medical insurance at this time would lead to most unfortunate results affecting the health of the public, and the science as well as the practice of medicine.

It is not possible, under the circumstances, to discuss this fourth proposal in the President's Message in any detail. The proposed scheme of prepayment of medical costs based upon the enactment of compelling legislation and the collection of tax moneys is deceptive in its simplicity. Our studies have shown that the problem of providing for extensions of medical care is far from simple; indeed it is extremely complex, for it involves not only readjustments in the care of the sick but also, among other factors, the structure and content of medical education and the broad fields of social, industrial and preventive medicine. Payment for medical care through insurance represents only a fragment of the problem. It should be obvious that insurance cannot do more than spread a portion of the risk of costs. It cannot solve our medical problems, because it cannot create the services essential for improving and extending medical care. It will not of itself teach the public to appreciate or to utilize effectively whatever medical resources are even now available to it. Insurance is most certainly incompetent to raise the quality of medical practice.

On the contrary, there is a wealth of experience which shows that under compulsory medical insurance on a nationwide scale, though a larger number of people receive medical care, the quality of medical services rendered by the individual physician tends to decline.

Under our present forms of rendering medical care, which the President indicates would remain unchanged, the direct payment for medical services by a third party, the insurance fund, introduces a fundamental disturbance in the attitudes of both the subscribers and the doctors. The patient is tempted to demand more attention than he requires. Still more serious is the temptation of the practitioner to add to his income by rendering unnecessary service. Excessive demand, on the one hand, and unnecessary service on the other, inevitably result in superficial performance. The financial rewards for volume of service and the pressure of patients constitute a combination of influences which to many is irresistible. This has been the recent experience in New Zealand and it has been our own experience in the operation of

### Workmen's Compensation Insurance.

Unfortunately, the alternative method of payment under an insurance scheme, namely capitation, whereby an annual stipend is paid to the physician for each insured patient on his list, likewise produces objectionable results. When the financial reward is fixed, some physicians are tempted to render as little service as possible.

Experiences abroad and in the United States by no means preclude the success of carefully organized prepayment medical insurance plans in this country. At the present time, however, we in the United States do not know how best to develop such medical insurance. We need a good deal of carefully planned and regulated experimentation. We lack experience not only from the actuarial angle but, what is still more important, from the service angle. We must realize also that we have no basis in our own experience upon which to estimate what the contemplated extensions in medical service are likely to cost. We do know from European experiences that under national compulsory medical insurance, even as the general level of medical practice is lowered, its costs are raised. Furthermore, in the light of our own political history, we must recognize that wherever there are available for distribution large sums of "government money," there also thrive political influence and political patronage.

The Academy's Committee on Medicine and the Changing Order is not concerned with maintaining the "status quo" in medicine. It has devoted several years to exploring new methods for correcting the many deficiencies in medical service. As a result of its studies, it is convinced that the problems involved in the improvement and extension of medical service to all the people of the United States are numerous and diverse; hence, the ways to their possible solution are, and must be, of many kinds. In the opinion of the Committee the expansion of medical services indicated in President Truman's first, second and third recommendations, with the modifications noted, would serve immediately to extend and to improve the quality of medical care rendered to our people, and to lay the foundation upon which a better organization of the medical profession could be achieved.

In opposing the fourth recommendation, calling for immediate nationwide compulsory medical insurance, the Committee maintains that the problem of payment can be solved by methods less menacing to the high standards of medical service which have developed in this country



over the years. To this end it offers a series of inter-related proposals, designed not only to make more medical service available to our people, but also to improve its quality. These proposals are not easily summarized out of their context in the Final Report, but it is possible at least to indicate the diverse paths upon which the Committee believes we must travel if we are to reach an orderly solution of the many problems which today confront us.

The Committee recommends, among other things, that voluntary, nonprofit insurance be given a thorough trial as a means of providing medical services for low-income families through prepayment. At the same time it recognizes that plans of this nature cannot be expected to solve the entire problem, and that in certain instances, for example, when private resources are inadequate, government support, preferably in the form of federal or state grants-in-aid, will be required. The Committee holds further, that it may be desirable to conduct careful experiments at state and local levels with compulsory government insurance, so that we may have in the near future comparative experience with the relative values of voluntary and compulsory procedure.

In order to raise the quality and to round out the scope of medical care extended under any system of payment, the Committee favors not only a number of revisions in medical education, but the gradual extension of group practice. Under this form of practice, which promises far-reaching improvements in the organization of practitioners and specialists, doctors conduct a joint enterprise in medical care in close coöperation with high-grade hospitals, sharing a common plan of remuneration and responsibility for the quality of service they render. The group system is especially attractive to young physicians entering the practice of medicine, who have been accustomed to work together while in training as hospital residents, and who desire to retain their relationship to the hospital, with all its educational and professional advantages. Even those physicians who settle in rural communities should eventually be able, under a well planned system of medical care, to retain or establish such a relationship to a medical center.

It is essential, moreover, that medical group practice units be organized also in relation to teaching hospitals, since an extension of prepaid medical care to all people of low income must inevitably have important repercussions upon medical education and research. The medical schools, for their part, must change their methods if they are to train

doctors for a new form of medical care; and no form of medical care can afford to neglect the advantages to the patient of teaching and research.

Because it is much more economical—not alone in terms of money but in human values—to prevent the occurrence of illness than to cure it, the Committee places special emphasis upon preventive medicine in all forms of practice. To the same end, immediate efforts should be made to provide basic public health services for communities which are now lacking in those services. The Committee insists also that further education and enlightenment are sorely needed by all groups concerned—by government agencies, by the medical profession, by private welfare organizations, and most of all, by the public at large.

What is wanted at this time, therefore, is not an overall national compulsory scheme, but a variety of studies and experiments conducted by smaller units at State and at local levels. In this brief statement, it has not been possible to do more than indicate the nature and variety of State and local programs which, with the help of governmental grants-in-aid, may form the foundation for a Nation-wide extension of comprehensive medical care. Specific recommendations as to how such pilot studies and experiments may be carried out will be contained in the completed Final Report of the Committee on Medicine and the Changing Order.

It is the conviction of the Academy that an evolutionary transformation of medical practice is essential if the benefits of modern medicine, and especially of preventive medical services, are to be made more freely available to the people. It is far better to proceed in a somewhat slower but more orderly manner than to expose the nation to the risks, as yet unmeasurable, which immediate adoption of national compulsory medical insurance would entail.